

**DEPARTMENT OF ADMINISTRATION
PROCUREMENT DIVISION
RECOMMENDATION OF AWARD**

DATE: October 9, 2008

EST. AMOUNT: 400,000

REQ: ASA9-9-43

OVER 10% OF ESTIMATE

YES: ___ NO: X ___

AGENCY: All State Agency, Specifically for Department of Corrections

DESCRIPTION: Wood Chips

TOTAL NUMBER OF SOLICITED VENDORS: 37

TOTAL NUMBER OF INDIANA FIRMS SOLICITED: 20

TOTAL NUMBER OF MINORITY & WOMAN VENDORS SOLICITED: MBE_0__ WBE_0__

SECRETARY OF STATE: Yes

SAVING AMOUNT OF SPLIT:

MINORITY BUSINESS PARTICIPATION: N/A

WOMAN-OWNED BUSINESS PARTICIPATION: N/A

QUOTE/BIDS WERE RECEIVED FROM THE FOLLOWING VENDORS:

This solicitation was done as a negotiated bid. The bid called for two different sets of specifications, wood chips with 15% moisture and wood chips with 25% moisture for two different locations, Pendleton and Putnamville. The 15% moisture is the preference due to the fact that less is used. For example: If 15% moisture is bid, 4500 tons of wood chips are needed verses 5900 tons of the 25% moisture to make up the same amount. The evaluation criteria stated we would award which ever product was in the best interest of the State. Therefore each vendor was ask to submit pricing for both sets of specifications for both locations and a combination price if bidding on both locations and could offer a lower price based on receiving the award on both.

FIRST ROUND PRICING

<u>VENDOR</u>	<u>AMOUNT</u>	<u>INDIANA FIRM</u>	<u>PREFERENCE CLAIMED</u>	<u>BUY AMERICAN</u>	<u>EVAL. AMOUNT</u>
<u>15% Moisture – Putnamville</u>					
1. Rays Trash	\$151,920.00	Y	IBP – 5%	Yes	
2. Stand Out	No Bid				
3. CLM Pallet	No Bid				
4. Koetter and Smith	No Bid				
No other bids received for Putnamville for the 15% moisture.					
<u>25% Moisture – Pendleton Only</u>					
1. CLM Pallet	\$510,000.00	Y	None	No	\$510,000.00
2. Koetter and Smith	\$990,000.00	Y	ISBP -15%	Yes	\$841,500.00
3. Stand Out	1,012,500.00	Y	ISBP - 15%	Yes	\$860,625.00
<u>25% Moisture – Putnamville</u>					
1. CLM	\$188,800.00	Y	None	No	\$188,800.00
2. Koetter and Smith	\$407,100.00	Y	ISBP – 15%	Yes	\$346,035.00
3. Stand Out	\$413,000.00	Y	ISBP – 15%	Yes	\$351,050.00
4. Rays Trash	No Bid				
<u>Combined - Pendleton and Putnamville – 25% Moisture</u>					
1. Stand Out	\$1,448,370.00	Y	ISBP – 15%	Yes	\$1,231,114.50

Koetter and Smith and Stand Out claimed both the Indiana Business Preference and the Indiana Small Business Preference (ISBP). Statute 5-22-15-7 also states an offeror may claim one (1) preference for which the offeror is eligible for a price reduction for evaluation purposes. I did not go back and request which one they wanted to claim due to the fact that it would not make a difference in the award even by applying the ISBP which allows a 15% price preference verses a 5% for the IBP. I did not verify with Koetter and Smith because they do not meet specifications. They bid a wood 3" minus. Therefore, they have been eliminated for any further consideration.

Upon evaluation of the prices received in the original bid, Rays Trash is low on Putnamville bidding the 15% moisture and CLM is low for Pendleton bidding the 25% moisture.

The bid also allow for a diesel fuel surcharge that could affect the bid price per ton. It is important to note that the adjustment can go up or down, reducing the cost to the state or adding to it, depending on how much diesel fuel costs. The specifications use the cost of fuel two months prior to the delivery date. Two months prior the date set for wood delivery in the specifications was September 1, 2008. On that date, Diesel fuel was lower than the amount in the specifications so any increment stated would adjust the cost to the state downward. The set amount of diesel in the specifications was \$4.50. This amount is already factored into the prices that the vendor's bid. Application

of the surcharge based on the foregoing criteria did not impact the pricing enough to change the award recommendations.

Target pricing was sent out to 3 vendors, Rays Trash, CLM Pallet, and Stand Out on 10/8/2008 and is due back 10/10/08. All three vendor's responded on October 9th.

See revised pricing below.

<u>VENDOR</u>	<u>AMOUNT</u>	<u>FIRM</u>	<u>CLAIMED</u>	<u>AMERICAN</u>	<u>AMOUNT</u>
<u>15% Moisture – Putnamville</u>					
1. Rays Trash	\$146,655.00	Y	IBP – 5%	Yes	\$139,322.25
 <u>25% Moisture – Pendleton Only</u>					
1. CLM Pallet	\$495,000.00	Y	None	No	\$495,000.00
2. Stand Out	\$983,500.00	Y	ISBP - 15%	Yes	\$835,975.00
 <u>25% Moisture – Putnamville</u>					
1. CLM	\$176,705.00	Y	None	No	\$176,705.00
2. Stand Out	\$401,200.00	Y	ISBP – 15%	Yes	\$351,050.00

After the second round of pricing the low vendor's remain the same, however all three vendor's lowered their pricing. Rays Trash is recommended for award of Putnamville – 15% Moisture with a savings of \$5,265.00 and CLM is recommended for the award of Pendleton – 25% Moisture with a savings of \$15,000 over initial bids.

Total negotiated savings is \$20,265.00.

Luse Dutton-Luse 10/9/08
Procuring Agent/Procurement Division/Date

[Signature] 10-9-08
Deputy Commissioner, Date